



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

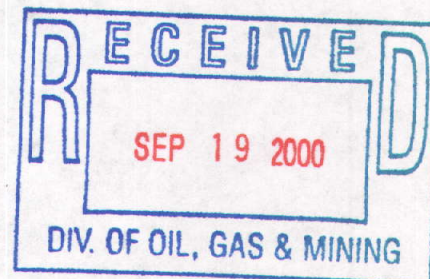
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

September 18, 2000

5/03/017

CERTIFIED MAIL NO. P 973 115 010

William Bown
842 W. 400 N.
West Bountiful, UT 84087



RE: ML 45410-BSLS, NOTICE OF DEFAULT OF LEASE AGREEMENT
DOGM Permit # S/003/017

T11N, R16W, SLB&M
Sec. 36: W2SE4

Box Elder Co.
80.00 acres

Dear Mr. Bown,

In March, 2000, I noticed that reports filed with the Division of Oil, Gas & Mining list ML 45410-BSLS and ML 44911-BSLS in conjunction with the Green Beetle Mine. On September 6, 2000, I visited the area of the Green Beetle Mine and found an active stone quarry upon trust lands leased under ML 45410-BSLS, in addition to a quarry site upon trust lands leased under ML 44911-BSLS.

The Trust Lands Administration previously approved the proposed mining of trust lands leased under ML 4911-BSLS pursuant to Lessee's August 28, 1991, Notice of Intent filed with the Division of Oil, Gas & Mining. The Notice of Intent did not include ML 45410-BSLS and Lessee subsequently failed to notify the Trust Lands Administration that a quarry would also be opened in the lands leased under ML 45410-BSLS. The Trust Lands Administration has no notification, plan of operations or bond on file for the quarry operating upon trust lands leased under ML 45410-BSLS.

Lessee is hereby notified pursuant to Article XIX that Lessee is in default of Article, XII NOTICE OF COMMENCEMENT OF OPERATIONS, PLANS, PLATS, BOND, of the terms and conditions of mineral lease ML 45410-BSLS. If such default shall continue for a period of thirty days from date of this notice this lease shall be subject to cancellation.

Acceptable remedy of Lessee's default of Article XII requires that Lessee immediately:

1) cease all mining of the lands leased under ML 45410-BSLS until such operations are approved by the Trust Lands Administration; and,

2) submit a written plan of operations for mining and reclamation of the lands leased under ML 45410-BSLS, (instructions enclosed); and,

3) submit a detailed map of all existing and proposed mining disturbances upon the lands leased under ML 45410-BSLS, at a scale of not more than 50 feet to the inch, with points coordinated with public land surveys and prepared under the direction of a surveyor or engineer licensed to practice in the state of Utah; and,

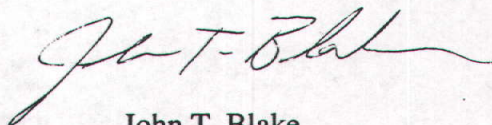
4) submit a detailed accounting of the quantities of stone mined from the lands leased under ML 45410-BSLS, and clarification as to whether such production was previously reported in conjunction with reports and royalties submitted to the Trust Lands Administration for ML 44911-BSLS; and,

5) submit a surety bond to the Trust Lands Administration in the amount of not less than \$5,000 using the enclosed Bond of Lessee surety bond form for Lessee's performance under ML 45410-BSLS, (In lieu of a surety bond, Lessee may submit either a cash bond or a short term Time Certificate of Deposit with a Utah bank listing the Trust Lands Administration as the owner of the account); and,

6) submit evidence that Lessee has notified the surface owner of the lands leased under ML 45410-BSLS and has obtained permission to enter the lands and utilize the surface of the lands for mining operations. I believe that the current surface owner/manager is the United States, Bureau of Land Management, Salt Lake District. You may check the land records of the Box Elder County Recorder, however, if you have any question as to current surface ownership.

Failure of Lessee to perform acceptable remedy as described above within the next thirty days shall subject mineral lease ML 45410-BSLS to cancellation without further notice. Please contact me if you have any questions in this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "John T. Blake", with a stylized, flowing script.

John T. Blake
Mineral Resources Specialist

cc: Tom Faddies
Lynn Kunzler